

Message Text

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INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04
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FM AMEMBASSY PARIS
TO SECSTATE WASHDC 6439
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY STOCKHOLM
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USEEC

E.O. 11652: N/A
TAGS: ELAB, FR
SUBJECT: DEPARTMENT OF LABOR INFORMATION REQUEST ON
ADVANCE NOTICE OF LAYOFFS

REF: STATE 175050

1. FRENCH LAW PROVIDES FOR TWO TYPES OF ADVANCE NOTICE
OF LAYOFFS: ONE INVOLVES THE LABOR CODE OBLIGATION OF
ALL EMPLOYERS TO ADHERE TO SPECIFIED PROCEDURES IN
NOTIFYING THE INDIVIDUAL WORKER IN ADVANCE; AND THE
OTHER INVOLVES THE ADDITIONAL LEGAL OBLIGATION OF
LARGER EMPLOYERS (ONLY) TO NOTIFY AND CONSULT THE
STATUTORILY ELECTED PLANT COMMITTEES (COMITES D'ENTREPRISE-
FIRMS WITH 50 OR MORE EMPLOYEES) OR SHOP
STEWARDS (DELEGUES - FIRMS WITH 10 OR MORE EMPLOYEES).
(THE LAW, MOREOVER, IS DIFFERENT INsofar AS PARTIAL
LAYOFFS AS CONTRASTED TO PLANT CLOSINGS ARE CONCERNED).
THE LEGAL PROCEDURES RESULT IN A SYSTEM THAT IS COMPLEX,
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EXPENSIVE, TIME-CONSUMING , AND INTENDED TO DISCOURAGE
EMPLOYERS FROM USING LAYOFFS OTHER THAN AS MEASURES
OF LAST RESORT.

2. ACTUAL EXPERIENCE IN THE ADMINISTRATION OF THE LAWS
VARIES ACCORDING TO THE SIZE OF THE FIRM, ITS
LOCATION, AND THE UNIONS INVOLVED IN THE LAYOFF.

3. NEARLY HALF OF ALL FRENCH PRODUCTION AND SERVICE WORKERS ARE EMPLOYED IN FIRMS WITH LESS THAN 50 EMPLOYEES (APPROXIMATELY 7,700,000 IN 600,000 FIRMS; AS OPPOSED TO APPROXIMATELY 8,000,000 IN 30,000 FIRMS WITH 50 OR MORE WORKERS). AND EVEN IN THE CASE OF FIRMS WITH OVER 50 EMPLOYEES, A LARGE NUMBER OF PEOPLE ARE IN RELATIVELY SMALL UNITS (E.G. SOME 2,500,000 WORKERS ARE EMPLOYED IN FIRMS HAVING MORE THAN 50 BUT LESS THAN 300 EMPLOYEES). ALTHOUGH NO CURRENT STUDIES ARE AVAILABLE, A GOVERNMENT REPORT FOR 1975 SHOWED THAT 79 PERCENT OF ALL LAYOFFS THAT YEAR OCCURED IN PLANTS EMPLOYING LESS THAN 50 WORKERS (SEE A-123 OF MARCH 4, 1976). IT IS NOT KNOWN WHAT PORTION OF THOSE LAYOFFS OCCURED IN FIRMS WITH LESS THAN 10 EMPLOYEES; I.E., WHERE ADVANCE NOTIFICATION, OTHER THAN TO THE AFFECTED INDIVIDUAL, IS NOT REQUIRED. IT IS BELIEVED, HOWEVER, THAT AT THE LEVEL OF FIRMS EMPLOYING LESS THAN 50 WORKERS, PERSONAL RELATIONSHIPS PLAY A MAJOR ROLE IN LAYOFFS AND THE NOTIFICATION PROCESS.

4. ALL EXPERIENCE IN THE CURRENT APPLICATION OF ADVANCE LAYOFF NOTIFICATION IN FIRMS WITH 50 OR MORE EMPLOYEES IS COLORED BY THE FACT THAT UNEMPLOYMENT IS A MAJOR POLITICAL ISSUE, IN AN ELECTION PERIOD; AS WELL AS BY THE SIZE OF THE LAYOFF PROJECTED AND THE ORIENTATION UNCLASSIFIED

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AND REACTION OF THE UNIONS. THUS, MOST LARGER EMPLOYERS ARE AWARE, EITHER BY DIRECT OBSERVATION OR THROUGH THEIR MEMBERSHIP IN EMPLOYER ASSOCIATIONS, THAT LAYOFFS MAY HAVE BOTH IMMEDIATE AND LONG TERM POLITICAL CONSEQUENCES OF INTEREST TO THEM.

A. IN AT LEAST ONE CASE, ADVANCE NOTICE OF LARGE LAYOFFS SEEMED TO HAVE BEEN DESIGNED TO ELICIT GOVERNMENT INTERVENTION IN BEHALF OF AN AILING INDUSTRY, E.G. STEEL (SEE PARIS 10600 AND SUBSEQUENT).

B. IN OTHER INSTANCES, SMALLER LAYOFFS PLANNED BY INDIVIDUAL FIRMS HAVE PROMPTED COSTLY, POLITICALLY-MOTIVATED PLANT SEIZURES AND PROTRACTED OCCUPATIONS BY MILITANT UNIONS. IN SOME CASES, THESE HAVE ENDED ONLY UPON THE INTERVENTION OF THE AUTHORITIES, AND AFTER MUCH UNFAVORABLE PUBLICITY. (AMERICAN FIRMS, AS HAS BEEN REPORTED, HAVE BEEN SINGLED OUT FOR SPECIAL ATTENTION BY THE CGT AND CFDT).

5. WITH RESPECT TO SOME OF THE TYPES OF QUESTIONS POSED IN PARA 2 OF THE REFTEL, THE DIFFERENCES IN LAW

AND CUSTOMS MAKE FOR DIFFICULTIES IN APPLYING THEM TO THE FRENCH SCENE. ON THE OTHER HAND, OTHER PHENOMENA RELATING TO THE FRENCH SYSTEM HAVE BEEN OBSERVED:

A. FRENCH LABOR IS MUCH MORE IMMOBILE, PARTICULARLY IN THE PROVINCE, AND UNEMPLOYMENT BENEFITS ARE MUCH HIGHER (90 PERCENT OF LAST SALARY FOR ONE YEAR). THE WHOLE EMPHASIS, THEREFORE, IS ON MAINTAINING EXISTING EMPLOYMENT AS AND WHERE IT EXISTS BY FIRM OR BY REGION - OR PERMITTING EARLY RETIREMENT. RATHER THAN TRYING TO FACILITATE REEMPLOYMENT ELSEWHERE.

B. BECAUSE OF THE DIFFICULTY IN GETTING RID OF PERMANENT EMPLOYEES THROUGH LAYOFFS, MANY EMPLOYERS
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HAVE TRADITIONALLY PREFERRED TO INCREASE OVERTIME OR TAKE ON TEMPORARY OR CONTRACT WORKERS TO MEET ANY INCREASED DEMAND RATHER THAN HIRE NEW PEOPLE. EVEN DURING THIS CURRENT RECESSION, TEMPORARY EMPLOYMENT AGENCIES ARE CARRYING ON AGGRESSIVE RECRUITING CAMPAIGNS. AS A RESULT, SOME UNIONS WANT SUCH AGENCIES DISBANDED, LIMITS PUT ON OCCASIONAL OVERTIME, AND

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REGULARLY SCHEDULED OVERTIME ABOLISHED. A RELATED PHENOMENA - DUE TO THE FUNDING ARRANGEMENTS FOR COMITES D'ENTERPRISE - IS A TENDENCY FOR SOME EMPLOYERS TO SET UP SMALL SECONDARY PLANTS RATHER THAN HAVE THEIR HOME PLANT EXCEED 50 EMPLOYEES.

C. ALTHOUGH MAJOR FIRMS ARE CAREFUL TO COMPLY WITH THE LAW - WHICH IS ENFORCED, THERE APPEARS TO BE SOME TENDENCY TO AVOID MAKING A FINAL DECISION ON LAYOFFS WHILE CONSULTING WITH THE GOVERNMENT, ETC.; PARTICULARLY WHERE THE COMPANY IS FEARFUL OF MILITANT UNION REACTION. THIS MAY ALSO BE CREATING SOME INTERNAL STRAINS BETWEEN LOCAL MANAGERS WHO FEEL STATUTORILY OBLIGED TO CONSULT ONCE A DECISION HAS BEEN TAKEN THAT A LAYOFF IS UNAVOIDABLE, AND HIGHER EXECUTIVES WHO FEEL THAT NO SUCH LEGAL OBLIGATION EXISTS UNTIL A FORMAL DECISION HAS BEEN MADE AS TO THE SIZE OF THE LAYOFF, ETC.

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8. WE HOPE THIS INFORMATION WILL BE OF ASSISTANCE; AND SUGGEST THAT, IN VIEW OF THE SEASON, IF ANY ADDITIONAL MATERIAL IS DESIRED SPECIFIC QUESTIONS BE SENT TELEGRAPHICALLY BEFORE AUGUST 5.
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